



2024 Full Year Results
6 March 2025
Transcript

Andy Ransom: Morning everyone, so here's a quick look at today's agenda. I'm going to start with a few opening remarks, and then handover to Paul who is going to provide a financial overview, including our Regions and Categories, and I'm going to dive into our North American review and our action plan. We'll then be pleased to take any questions.

In 2024, we delivered Revenue of 5.6 billion pounds, an increase of 3.9 per cent, of which Organic Growth increased by 2.8 per cent, but clearly, this was a challenging year for the Group, with lower profits and margins, as we outlined in our trading update in September.

We delivered good growth in International, which are our businesses outside of North America, with Revenue up 8.2 per cent, of which organic revenue contributed 4.7 per cent. And here, Pest Control Organic Growth was strong at 5.3 per cent. On the right, you can see a breakdown of the North America and International businesses. Our International Pest Control and Hygiene businesses delivered Revenue of 2 billion pounds, an 8.3 per cent increase, and with strong customer retention of 86 per cent.

I'll discuss the North America region in much more detail shortly. The integration itself is progressing well, and I am confident that, following our Q1 Review, we are taking a pragmatic set of actions designed to drive improved growth.

It was very good to see Colleague Retention continuing to increase – up by 2.4 per cent and operationally, this means we had around 1,000 fewer people to recruit last year.

You've heard me say many times that a great colleague experience leads to a great customer experience - and, indeed, in 2024 we delivered improved levels of customer satisfaction - with a further one-point increase in our Net Promoter Score - and increased Customer Retention, which rose by 50 basis points.

Turning now to North America, on the integration front, branch systems integration progressed well in 2024. Fifty-eight branches had their systems migrated in the second half of the year, bringing the total number of North American branches operating on our 'Best of Breed' systems to over 250. We also successfully delivered the first full branch migrations, with re-routing and with our new harmonised pay plans. I'll come back to this shortly.

On the enablers of growth - colleague and customer retention improved by 4.2 per cent and 0.6 per cent respectively. Our 'Terminix-It' campaign had a positive impact on brand awareness and participation rates in our Trusted Advisor lead referral programme have also increased.

In the fourth quarter we opened ten satellite branches, and we currently have twenty-two of these low-cost, local satellite branches now in the early stages of operation.

While this is all encouraging, our biggest challenge remains increasing sales leads into the business, both through paid-for and organic search - and we are putting in place a series of actions designed to improve lead flow and improved sales conversion of these leads.

So looking ahead into 2025, firstly, the integration programme is now planned to restart early in the second half, by which time the core IT developments will be essentially completed. We will continue to monitor those branches that have been integrated, whilst planning and preparing for the next phase of integrations and, of course, focusing on leads and sales ahead of the peak season. On growth – our plan is to continue to raise the bar on colleague retention; on customer experience and customer retention; and also on the Trusted Advisor programme.

We will accelerate our marketing efforts, focusing on stronger owned, earned, and paid execution, and, supporting this, we will build our customer proximity and local visibility. We plan to continue to open new satellite branches – and we now expect our end state branch network, including satellites, to exceed five hundred locations. We are also implementing a new multi-brand strategy – retaining nine of our powerful regional brands, meaning we will have fewer branches to merge and to convert into Terminix branches.

On sales there will be a renewed emphasis on sales conversion, with increased operational rigour; we are moving responsibility for field sales back to the branches; increasing sales colleague training; and putting greater incentives around contract selling, as opposed to one-time jobs.

So, this action plan aims to reignite growth in North America over the medium term, and I'll cover it more in detail later, but let me first handover to Paul, who, as you know, joined us at the start of December and became CFO on the first of January. Paul has made a very fast start and he will share his initial observations as well as providing the financial review.

Over to you, Paul

Paul Edgecliffe-Johnson: Thank you, Andy, and good morning, everyone. It's a pleasure to be here today for my first earnings presentation with Rentokil Initial. Since joining the company in early December, I've had the opportunity to meet many of our talented teams within the business. I look forward to getting to know all of you in the weeks and months ahead.

This morning, I'll be walking through the key financial highlights from the past year and outlining some of the current financial priorities for the Group. But before we get into the numbers, I'd like to take a moment to share some of my initial observations about the business.

After spending the last three months immersed in the company, I can say that I'm pleased to be part of a business built on the foundation of great people and a strong culture—one that is ambitious, driven, and hungry for success.

From an industry perspective, the dynamics are highly attractive. We operate in a market that has strong growth tailwinds, including population growth and urbanisation, and the runway for long term sustainable growth ahead of us is significant. The global addressable market is over 26 billion dollars, with nearly half of that in North America. As a global leader in this fragmented industry, we are well-positioned to grow both organically and through acquisitions.

A key focus for us right now is the integration of Terminix and this is a complex process. While there is still work to be done, once it's delivered it will position us as one of the most efficient operators in the industry. We will have a highly competitive cost structure, underpinned by some of the best technology and innovation capabilities in the market. This will further strengthen our position and enhance our ability to serve customers at scale.

As we work through the integration, we do however anticipate that growth will see periods of disruption. This year, pre-season Q1 is off to a slow start due to ongoing weak lead flow, in addition to noise from adverse weather and lapping the 2024 leap year. We therefore expect Q1 organic growth in North America pest services to be lighter than the same period last year. We do though expect to achieve a full year financial performance in line with market expectations.

Looking ahead, as we accelerate North American revenue growth against a scalable cost base, we are focused on delivering against an attractive growth algorithm: driving revenue growth through both organic expansion and strategic acquisitions; improving margins by enhancing operational efficiencies and leveraging our scalable cost base; and generating significant surplus cash, which we will reinvest at attractive returns, while also returning excess capital to shareholders.

Of course, there is more work to do in each of these areas to fully optimise our performance. But the fundamentals are strong, the strategy is clear, and the opportunity ahead is compelling.

I'll now turn to the financial highlights for 2024. Group Revenue was up 3.9% to 5.6 billion pounds and Statutory Revenue was up 1.1% to 5.4 billion. Organic Revenue was up 2.8%. North America underperformed. However, we saw continued good growth in the International business – as a reminder, this encompasses all our regions outside of North America.

The Group topline performance delivered an adjusted operating profit of 860 million pounds, down 7.1%, with a corresponding margin reduction of 130 basis points.

Free cash flow was 410 million pounds and cash conversion was 80%, within our guidance range for the year. 172 million pounds of investments in acquiring bolt on businesses and

229 million pounds of dividend payments, resulted in a year end net debt to EBITDA ratio of 2.9x.

The Board is recommending a final dividend in respect of 2024 of 5.93 pence per share. This equates to a full-year dividend of 9.09 pence per share, up approximately 5% year on year, in line with the Company's progressive dividend policy.

Looking now at our performance in North America. The North American business grew by 1.3%, which included the disposal of the Paragon distribution business. Organic growth was 1.5%. There was a modest improvement in organic growth into the year end, supported by the Product Distribution business and a stable performance in Pest Services. This resulted in H2 Organic Revenue growth of 1.8%, ahead of the revised guidance of c.1%.

Adjusted Operating Profit for the year of 573 million pounds, down 7%, reflects the combined impact of below-plan revenue growth in the year and significant in-year investments to drive revenue. As we previously communicated, our spend through the peak season was higher than expected. Consequently, despite continued good price realisation, Adjusted Operating Margin in North America declined to 17.1%, in line with our revised guidance.

Through our RIGHT Way 2 plan, in 2024 we deployed sales, marketing and customer experience initiatives to reinvigorate growth, but they are not yet delivering the levels of organic growth that we expect. With the insights gleaned from the review period at the start of this year, we are making adjustments to our approach, to drive enhanced lead generation and sales conversion. Andy will speak to these shortly.

A portion of the investment made in 2024 has not driven optimal effectiveness and efficiency, and so in 2025 will be redirected to fund the new strategies. During 2025 we don't anticipate the need for additional investments over those which were made in 2024.

We are pleased with the progress we have made on the Terminix integration process. The 2024 integration plan was delivered according to our timeline.

Across the North American business, we've seen improved customer retention in the year. The retention rate now exceeds 80%, with the last three months of the year the best, at above 81%. The North American bolt-on M&A programme continued, with the purchase of 13 businesses with combined annualised revenues of 69 million pounds.

Moving now to discuss synergies and margins. In 2024, we continued to achieve gross cost synergies from the Terminix integration, whilst also continuing our significant investments behind salary and benefit harmonisation, safety, innovation and IT. We also saw another year of inflation in the cost base.

During 2024 we made significant in-year sales and marketing investments focused on driving revenue, including behind brand awareness, lead generation and sales infrastructure. A portion of the investment behind these opportunities is not driving optimal effectiveness and efficiency. In 2025 this will be redirected to fund the new strategies we

will be deploying in respect of our enhanced brand strategy and our enlarged branch strategy.

During 2025 we expect further inflation on our cost base but beyond that, we don't anticipate the need for additional investments over those made in 2024. We are now three years post the announcement of the Terminix deal, and going forward we will not report separately on net synergy delivery. Disaggregating investments and inflationary cost increases from synergistic cost savings over multiple years has become increasingly subjective. We do however remain confident that, at the end of 2026, when we expect integration to be complete, significant operational cost savings will have been achieved, in line with initial expectations of gross synergies. Branch integration and improved route density will significantly improve technician efficiency. From 2027, the cost reduction is estimated as a \$100m reduction from the inflation adjusted 2024 spend level.

We expect that, from 2027, delivery of these cost savings, together with an improved organic growth rate post integration, will enable the North American business to achieve operating profit margins above 20%. We are retiring the previous Group Adjusted Operating Margin target. The total one-time integration costs to achieve from the start of the integration to the end of 2024 were \$248m (including non-cash accounting adjustments). The total remaining one-time costs to achieve in 2025 to 2026 are expected to be c.\$100m.

Moving on to the International business, which we're reporting on collectively for the first time for 2024. We saw good growth in International, with revenue up 8.2% to 2.2 billion pounds and a 4.7% increase in Organic Revenue. This was led by Pest Control, which grew organically by 5.3%, and by Workwear, up 7.1%. Growth was broad-based across the regions. Our second largest region after North America, Europe and LATAM, was up 5.0%. Adjusted operating profit in International was also up, by 5.7% and we experienced a 50 basis point operating profit margin reduction.

In our Europe and LATAM region, Europe delivered a stable margin but there was a slight drag from LATAM, where adverse weather impacted the shipping fumigation business. The UK margin was impacted largely by the acquisition of the lower margin specialist hygiene company DCUK.

The International business continued to exhibit strong customer retention with all regions roughly stable or improved, each delivering a rate of over 80%. Likewise, colleague retention rates were excellent, with standout performances in Asia, over 93%, and Europe and LATAM above 90%.

The bolt-on M&A programme continued across our International operations, with the purchase of 23 businesses with combined annualised revenues of 71 million pounds.

Looking now at the performance of our business categories, starting with Pest Control, where we remain a global leader with 4.4 billion pounds of revenue. Total revenue grew by 2.9 per cent, of which organic growth was 2.5 per cent. Organic Growth in North American pest control was 1.5 per cent and 5.3% in International, in line with our medium-term range of between 4.5 and 6.5 per cent.

In the Hygiene & Wellbeing category we delivered Revenue growth of 8.4%, of which 3.1% was organic. Organic growth was held back later in the year owing to strong prior year comparatives. We continue to expand our range of core services to build product density and in 2024 we acquired 13 companies with annualised revenues of 34 million pounds, exceeding our medium term guidance of 25 million pounds per annum.

Our French Workwear business benefited from strong new business sales, and delivered Revenue growth of 7.1% - all of which was organic; Adjusted Operating Profit grew by 8.6 per cent; and the business delivered margins of 17.7 per cent – another very strong performance.

Turning now to Group cash flow. We recorded a 105 million pound working capital outflow for the full year. While debtors performance in the second half was broadly in line with expectations, we experienced a higher outflow on creditors, primarily in North America, alongside an increase in inventory levels. We expect to see an improvement in working capital in 2025.

Capital expenditure totalled 211 million pounds for the period, supporting our ongoing investments in growth and operational efficiency. Lease payments amounted to 145 million pounds, reflecting a 4.0% reduction year-on-year, primarily due to branch restructuring efforts as part of our integration work.

On the financing side, cash interest payments decreased by 22 million pounds. This was driven by higher interest rates on investment income and lower swap payments, partly due to a weaker US dollar. Cash tax payments were 87 million pounds, a 13 million pound reduction year-on-year, reflecting lower profits in North America alongside tax refunds received during the period. From a capital allocation perspective, we remain disciplined in our approach. Cash spent on acquisitions totalled 172 million pounds, aligning with our strategic focus on targeted growth. Dividend payments amounted to 229 million pounds, while the cash impact of one-off and adjusting items was 77 million, largely attributable to ongoing Terminix integration costs. Overall, our financial management continues to support both our near-term priorities and longer-term strategic objectives, ensuring we maintain a strong and resilient balance sheet while investing for sustainable growth.

Turning now to capital allocation, where our framework is built around five key priorities, designed to balance growth, shareholder returns, and financial resilience. Our primary focus is on organic investment — deploying capital to support the long-term growth of our business. This includes investments in technology, operational infrastructure, and innovation to enhance efficiency, service quality, and market competitiveness. We will also continue to pursue targeted inorganic growth through bolt-on acquisitions. We have a strong track record of successfully integrating acquisitions to drive value creation, and we will remain selective and strategic in identifying opportunities that complement our existing portfolio, strengthen our market position, and deliver long-term shareholder value.

We remain committed to a progressive dividend policy, ensuring that dividends grow over time. Our approach reflects confidence in the underlying strength of our business and our ability to generate consistent cash flows whilst maintaining financial flexibility.

Additionally, we recognise the importance of returning excess capital to shareholders at the appropriate time. When we have surplus capital beyond our reinvestment needs, we will evaluate opportunities to return it, always ensuring that such actions align with our broader financial strategy.

Finally, we remain focused on maintaining a strong and resilient balance sheet. Our net debt to EBITDA at year end was 2.9x. We do expect this to reduce during 2025 toward our targeted range of 2 to 2.5 times.

In summary, our capital allocation strategy is designed to strike the right balance between investing for the future, delivering long term value to shareholders, and maintaining financial strength.

So to conclude, looking ahead we are focused on delivering against our attractive growth algorithm to enhance revenues, margin and cash generation which we are confident will allow us to secure sustainable growth. For 2025, we have as usual provided here our key technical guidance, and would remind you that from Q1 we will be moving to dollar reporting, so this guidance is provided in dollars.

And with that, I'll now hand you back to Andy.

Andy Ransom: Thank you Paul. Right, let's now focus on North America where I'll start with the integration, I'll then cover the continued execution of our RIGHT WAY 2 Growth Plan, including the important new satellite branches and regional brands, before we take any questions.

We made good progress with the integration in the second half of the year: we completed the systems integrations for another 58 branches, mainly Terminix residential, to add to the existing Rentokil network - and takes the total number of branches in North America now operating on our 'best of Breed' systems platform to over 250. We also piloted our first re-routing, re-branding and new pay plans in 9 branches. And whilst it's obviously early days - we have seen some encouraging results with colleague retention in line with pre-migration levels and customer retention, in fact, increasing on our pre-migration levels. Since then, we have continued to fully integrate a further 41 branches. So this means we've got around 15 per cent of the Terminix branch network has now been fully integrated.

I won't go through this slide in detail but I do think it's worth remembering our journey in North America from where we started in 2022 - a highly fragmented network of over 70 systems, over 80 brands, different pay and benefit structures, multiple vendors, no uniform customer experience. Since then, we've made significant progress - just a few examples on the screen - we've got a fully aligned back-office set of functions, we've got a single management team; we've introduced Rentokil's laser focus on colleague experience and colleague retention; we've rolled out a single people management system; we've set the

innovation centre up and running; and the first branch system integrations executed successfully last year.

Undoubtedly, this has been a significant lift for the organisation, and there's much work ahead of us, but the Terminix integration is targeted to be complete by the end of next year and at that point, we will have a fantastic platform in the world's largest pest control market with a modern branch and IT network that's scalable to support future organic growth and indeed, M&A. And as Paul covered earlier, we expect North American margins to be above 20 per cent in 2027.

So, turning to Growth, here is our RIGHT WAY 2 Growth Plan showing how Organic Growth is generated from both existing and from new customers. Now the context for our Q1 review was Colleague Retention significantly improving since 2022; we said at the Interims that Customer Retention would be a major focus for us going forward; in 2024 we made the first investment into the Terminix brand for several years; in-bound leads though have not yet been at the level we expect, and we've got much more to do on organic search in particular and as you can see, we have marked this as red on the model. And increasing leads of course will also improve our other area in red, which, as I mentioned earlier, is sales; our first satellite branches were opened in the fourth quarter; and underperforming on new sales with Organic Growth at 1.5% for the full year.

So that was the context for the review. So let me start by looking at our North America Organic Growth Model and I'll cover the key areas that we have identified for needing improvement and those that we are actively addressing.

A key enabler of our plan, of course, is colleague retention and here we are making good progress, with North American colleague retention up by 4.2 per cent, and, notably, Terminix colleague retention has increased 13.9 per cent since the integration began.

This is foundational to our future success. Retaining more technicians enables a consistent, high-quality service, which in turn feeds into another crucial area, and that is customer retention, as we called out at the Half Year. We've seen progress here as well, with overall customer retention improving by 60 basis points to 80.1 per cent and, in the fourth quarter, increasing to over 81 per cent in each month.

We have launched the 'Drive to 85' initiative, and that includes 20 projects which are focused on further improving customer retention - and we now have greater focus and energy across the whole US organisation on delivering customer satisfaction and retention.

We have invested in our 'Customer Saves' team and this has been instrumental in our efforts, with the level of customers saved, increasing in each of the last three months of the year.

This was supported by good levels of customer service and, indeed, has also resulted in over 55,000 online 5-star reviews for our US pest control brands – and that's up by around 200 per cent.

Our Trusted Advisor programme is focused on generating additional sales from existing customers coming from sales leads from our front-line technicians. Here we continue to enhance our approach with better data reporting, with an increased focus at a Branch management level and training for all new technicians as part of their on-boarding – and, as you can see, both Terminix and Rentokil have increased technician lead participation rates.

So, good progress on Trusted Advisor, but much, much more to go for. On brand awareness we significantly invested in the Terminix brand in 2024 with the 'Terminix It' campaign and this has resulted in a noticeable improvement in brand favourability, with 'unaided' brand awareness increasing by 7 percentage points, reaching levels not seen since 2021.

Here you can see some of our latest brand research and how we are performing against a leading competitor. 'Unaided' and 'aided' awareness combine to give a total awareness result, and, as you can see for Terminix, the brand has reached almost complete saturation, with a 98 per cent level of awareness.

And as you moving down the funnel from awareness to consideration about half of those aware of Terminix would consider using the brand for their pest control needs. That then moves to 'conversion' at 42 per cent and 'recommend to others' at 38 per cent.

Our ongoing brand investment will generate long-term benefits and opportunities for the business. Our challenge here is to build on these good results, while also adding the fire power of our regional brands.

As I mentioned earlier, our biggest focus remains on increasing our lead flow, both through paid-for and organic search. In 2024, we bolstered our marketing team as part of our overall long-term investment and we primarily used the paid-for search marketing lever to generate leads. Now that worked to some degree, with an increase in leads year on year.

However, this is an area that we must improve on significantly - accelerating owned, earned and paid-for execution and realising benefits from a fuller suite of marketing solutions - and this will be a major focus this year.

Sales execution is also an area we are actively focused on and which needs to improve. Once we get the leads, we need to sell them, and at better average values, and, in particular, we need to sell more contracts rather than one-off jobs, to get our overall portfolio into positive and consistent net gain.

That said, we did make progress last year on sales colleague retention, which is critically important, as those colleagues who've got over one year of service, are typically around 50 per cent more effective than those with less service time. So – a 6.4 per cent increase in sales colleague retention, means that effectively we now have more than 100 additional sellers entering their second year.

So - now turning to actions on growth...the first area is to build on the progress that we've made to date – raising the bar on colleague and customer retention; on Trusted Advisor

sales leads; on pricing; and on continuing to deliver an efficient work order installation programme.

Secondly - we must get better at driving leads into the business and we are putting in place a much better plan to realise the benefits of a fuller suite of marketing solutions. On Organic Leads we have a new agency appointed and a new content development plan is in place. We're also adding digital marketing expertise from our UK centre of excellence to directly support the US team. Equally, we've got to improve on our sales performance – and here we are putting in place some key initiatives to drive sales success this year.

We are moving sales responsibility fully to the branches for field sales activities – so there's greater accountability, greater line of sight for the branch managers between sales and service. We are adding further operational rigour – targeting greater inspection, proposal and close rates, and also targeting improved speed from lead to inspection. We're introducing more differentiated sales commissions - so we will pay more for contracts than one-off jobs. There will be more sales training, career development and focus on improving sales colleague retention and we are also launching a new door to door sales pilot, which will be deployed throughout the high season.

Supporting these plans – there will be more satellite branches and we will retain more of our strong regional brands as independent brands for the future.

As you know, to enhance our local presence, we have initiated a new satellite branch programme – with 22 now in use. These smaller, strategically located branches aim to bring us closer to our customers, improve brand visibility, enhance operational efficiencies, such as localised team meetings, and indeed, support our local marketing initiatives.

Clearly, it's early days with the satellite programme, but the overall results so far are positive, and we are revising our end-state plan for branch locations - increasing from around 400, to now over 500. In addition, of course, we've also got over 100 franchised-owned and operated Terminix branches in the United States.

Adding to this greater local proximity we are revising our brand strategy to keep 9 of our strong regional brands, independent of the Terminix and Rentokil brand. These are very well-known regional brands that we will now retain as standalone brands in typically standalone branches – so reduced need to merge with Terminix branches. These include Florida Pest Control, Ehrlich, Western Exterminator and Bug Out, as you can see on the right of the screen.

So, we're raising the bar in areas of good progress such as colleague and customer retention; we are putting in place a better plan for in-bound leads; we're driving far more operational rigour and local accountability in sales, all of which will be supported by our satellite branches and a powerful line up of independent brands and branches.

And so just to wrap up, the branch integration made good overall progress last year and is now scheduled to restart early in the second half; but clearly, we are not delivering the

levels of organic growth that we expect and our main challenge is lead generation - and we are implementing the key changes that I've just outlined.

Post integration we remain committed to delivering 'one and a half times' market organic growth in North America Pest Control over the medium term. We expect North American margins to exceed 20 per cent in 2027 and we continue to have a strong M&A opportunity to exploit also with deals to be done this year and next year as well. Finally, we remain confident in our opportunity to secure sustainable growth. Globally through our market leading positions, new innovations and digital technologies, and Cities of the Future strategy and in North America, that will come once we have completed the integration of Terminix.

So, in the year that Rentokil celebrates its 100th anniversary, I'll leave you with a slide that sums up just some of the many reasons why we are looking forward with confidence, as we start this incredible brand's next century.

With that - Paul and I will be very happy to take any questions. We'll start in the room and Paul will keep an eye on the screen for additional questions. Thank you very much.

Q&A

Simona Sarli (Bank of America): So First of all, if we start from the digital leads and also the progress that you made with your new digital tools and IT systems. so It sounds like it is effectively now across 250 branches, which should be roughly 80% of your legacy branches and 20% of the combined ones. The question is, if we look like at the digital leads now in Q1 that you mentioned that they are still weaker. Can you differentiate between the branches where you have rolled out those systems and those that are still on the legacy ones?

The second question, what has been the challenge in rolling out these systems? Why we are still at the 250 branches? What should we expect in terms of 2025?

Second topic would be more related to the new incentive scheme for the sales force and the differentiating commission structure that you are talking about between contracts and one-off work. On this one, what has been so far the feedback from the sales people? What is the percentage of the sales force that has been rolled out on this new scheme?

Third and last question.

Andy Ransom: I will turn over.

Simona Sarli: Okay. Sorry, it is on cost synergies. I appreciate, Paul, in your initial remarks where you said that it is difficult to compare it to the old target of more than \$200 million. But what has changed since then? Because I would have assumed that already at the time you were factoring in also the impact of inflation?

Andy Ransom: Okay. For no reason other than I would like to hear Paul's voice. Let us start with the third one, and then we will work back up the list. I will take the second and share the first.

Paul Edgecliffe-Johnson: Thanks, Andy, and thanks, Simona. I guess my first point would be that I don't really like putting out any targets. In my old world, that was my model. The business there was reassuringly boring, and that is where we aspire to get back to. But we thought it would be helpful for people to understand what our current view is on these cost synergies and what we will achieve.

The first point I would make is that we have actually achieved a lot of cost synergies already and that we have confidence that we will continue to do that. There is a lot more to go for, and that is why we are going through all the pain of doing this, we will end up with a very efficient operating model, which will give us a really good platform to win from.

As I look back to when we bought the business to now, I mean, there is multiple years of quite high levels of inflation. There is investment that has gone in behind the integration, there is investment that has gone into the business, you could say outside of the integration.

So actually mapping back and saying, so comparing to this target, I think it is a bit unhelpful.

What I think everyone is focused on is once we are through the integration process, so 2027, what is the cost base going to look like and how much can we grow the business by? I think that is the key metric, and that is what people will rightly start to think about.

I have tried to help people get to the right point on that by saying that if you take the 2024 cost base, we will still have inflation in that, but you had inflation for a few years. Take over 100 million, and that is the cost base that we expect to operate with in North America. That said, the gross cost savings that we set out to achieve when we did the deal, that we will achieve, but I think this is the more understandable way getting to the right number for 2027. I hope that helps Simona.

Andy Ransom: Thanks, Paul. I will try the second one, sales incentive. There is two parts to this answer. I touched on it, but I did not really unpack it.

If we look at our performance in 2024, which we are very disappointed with in terms of organic growth, if you actually differentiate between jobbing and contracts, our jobbing performance was pretty respectable. Our contract performance was not respectable in my view.

Ours is a portfolio business, we are roughly whatever it is 67%, 70% contract portfolio, 30%, 32%, 33% jobs. It is a subscription business. What is really important, which I touched on in the presentation although, which is we have got to get our portfolio into positive healthy net gain. We have to sell contracts.

The schemes on the Terminix side of the house really have not differentiated between contracts and jobs. The Rentokil ones historically did. That is a flaw in the scheme. Changing sales incentives may sound an easy thing to do, but it absolutely isn't because you have to plummet all the way through your systems and your pay schemes. So it is actually quite

difficult to make those sorts of changes. The change that I have referred to there in terms of incentives for contracts versus jobs is something that we are intending to do as we go into the next few weeks and months.

The second part of the answer in terms of the sales pay plan is a broader piece, which actually addresses this issue as well. But that is for all sales across the entire North America business we are moving to a single harmonised pay structure for salespeople. That is what I referred to. We have done that now in nine branches. We have done it now in 41 branches. We have addressed it in national account sales. We have addressed it in the indoor sales team.

But for the field sales colleagues, that is something that gets rolled out and deployed as we roll out and deploy the integration of the branches. So two parts. The difference between contracts and jobs, that is something that we will try and fix in the next few weeks and months across the piece. But to get to one single harmonised set of sales incentives, that will go through the integration programme. When we restart in the beginning of the second half, more branches, more salespeople will go on to the new pay plan.

The first point on digital leads, when we integrate and you take two branches and two brands, in some cases, and you put them together, you will have a negative impact on organic growth. I will say it again, you will have a negative impact on organic growth. It is almost impossible not to.

If we look at what were we worried about and I have shared this many times, what we are worried about when we integrate branches? We were worried, would we lose a lot of colleagues. Because if you lose a lot of colleagues, you lose customers. We have not seen that. Colleague retention has been great. We were worried we would upset customers as we make the changes because your technician changes. We have not seen that. So, so far, the two big things that we were most concerned about early days, the two big things have gone well.

But in terms of leads, you will have an impact on these because you are changing branch location, you are changing brands. So yes, you will see an impact on that. That is probably as much otherwise I will talk for 10 minutes. Next question.

Annelies Vermeulen (Morgan Stanley): I have three as well, please. Just on the lead generation and performance of the regional brands given you have decided to keep more of those brands, I would be interested to know if there is any data to suggest that those are performing better than the Terminix brand as part of your decision to keep them?

Then secondly, just on employee retention. I think in the statement and in the presentation, you mentioned there was an increase in both new joiners and longer-tenured colleagues. How has retention developed for those most experienced technicians, salespeople, etc? From memory, those are the ones with the stickiest to customer relationships. So I would imagine a key driver of that customer retention.

Then just lastly, on Workwear. Since we last spoke in October, there were some fairly detailed press reports regarding an imminent sale, I think, in November. Any comment on that? And is a sale in 2025 baked into your assumptions for the year?

Andy Ransom: Thanks. On lead generation, I mean, it may not be the answer that you are expecting. The organic search performance of the regional brands has been poor. So non-sequitur between, so hang on. So why are you going? We were on a strategy that basically these brands were being retired over time. They were going to be co-branded with Terminix. For example, Western Exterminator was planned to become Terminix Western. The team gets super, super focused on Terminix and doesn't get super focused on Western. That is part of intentional de-prioritisation in 2024. We have changed the strategy that said, "No, no, no, we are not doing that. Maybe we should have done that before. But that is where we are now.

We need to love Western. We have a team of people now actually out of the UK Centre of Excellence team supporting the Western brand to get Western's organic content to where it should be. That answers the first one.

Second one, I don't have a split to be honest, in terms of near-tenured to long-tenured. But all of our data, and it is consistent with most companies around the world, you typically suffer much worse with newbies. The retention rate is always worse in the zero to six and the six to 12 and always better once you get people through one or two, three years. That would not be any different. Our data would not be any different.

Workwear, the imminent sale in November, I think you are referring to and where are we now, March. Look, I will give you the same answer as I always do. You saw the performance of Workwear. Workwear is a beautiful business performing well. Super management team, but it is non-core. It does not fit with the branch-based model we have got. We only have it in one market in France.

What we have always said is if there is another owner out there who is a better natural owner for the business in a transaction which would represent good value for our shareholders, then we will look at that, and that remains our position.

Suhasini Varanasi (Goldman Sachs): Just three from me as well, please, but hopefully, not too long. I just wanted to understand the assumptions behind your guidance for 2025 about meeting market expectations, being in line with market expectations. What are the assumptions on growth and margins that you have baked in there? And despite the weaker start in 1Q, do you have any data on leading KPIs that support an improvement in organic growth over the coming quarters?

Second question is on UK actually. National Insurance living wage increase. Do you expect an increase in costs as a result? What are your plans to mitigate it?

Third is provision on the cash flows. We have had provisions on the cash flows for a couple of years now. Is this going to be an ongoing part of the cash flow statement in the future years? How should we think about that?

Paul Edgecliffe-Johnson: Thank you. In terms of the guidance for 2025, we have talked about the fact that we do expect to meet market expectations. Principally, when I talk about that, I am thinking about the bottom line attainment. It is difficult, as Andy has just talked about extensively, to know when more fuel will start to come into our engine and when we will see the organic growth tick up. As it does, then we will see just naturally that higher level of organic growth be delivered.

We have not built in heroic assumptions in our expectations as getting to that level for 2025 as you would anticipate. But we are confident we will meet market expectations. I don't have any further guidance around new margins, etc. I will go back to my earlier point around, I don't really like giving out multiple targets. I just think it isn't the right thing for a business that is going to be reassuringly boring in, hopefully, a few years.

In terms of National Insurance costs, yes, it is about a £5 million additional cost into business, which, obviously, we have built in to our expectations. In terms of provisions, as we work through, making good progress managing that. And yes, we do expect that, that will continue to be part of the business as we go forward, certainly for 2025. And if anything changes in future years, then we will provide additional guidance on that. Thanks very much.

Chris Bamberry (Peel Hunt): Another three questions. Firstly, with the revised brand strategy, how should we think about the fact there is less integrations with Terminix, or some sort of saving. Again, you have now got nine brands to support with marketing.

Secondly, of the 100 additional locations, how many of those are satellite branches? Given you have got quite relatively small sampling, you said its 22 in use, what gives you confidence that, that allow additional 100 overall is the right answer?

Finally, of the organic growth in North America, 1.5%, what was the price contribution to that?

Andy Ransom: Sorry, could you repeat the first one because I did not quite catch it. I have got a cold. I am going to deaf in my left ear. So no problem.

Chris Bamberry: With the change in the brand strategy. On one hand, you have got some cost savings because you have less to integrate what to convert to Terminix. On the other hand, you have now got nine brands to support. How can we think about that in the round?

Andy Ransom: Yes. I think as you guys often do, you answered your own question there a little bit. So as we think about the branches and the brands, you are quite right, with retaining nine regional brands, it means we are going to retain more branches. I am not going to give you the split between how many satellites and how many regular branches, but there is a mix of those. Therefore, you are quite right.

On the one hand, that means less cost to integrate, but it also means a little bit less synergy to come out of those because we would have been merging those branches. The cost to set

up a satellite branch is very low relative to a full conventional branch. It is a small facility. It is meeting rooms, etc. It is a branded facility. It is a very modest. You would not even notice it.

We have said above 500, so sort of hold on to that. As the satellite branch programme works, if it works in the way that we believe it will, we could well add substantially more. It is not an end state, and we are working through this now. We answer that why we got the confidence.

Well, the early days is can we find locations? Yes. Can we find locations that are sensible cost? Yes. Can we get the search engines to recognise those locations as physical locations and get picked up? Yes. Can we drive five-star reviews from our technicians into those pins and those locations? Yes. Is the phone ringing and our customers calling those locations of the back of searches they have made on the internet? Yes. Can we sell those leads and turn them into revenue? Yes.

That is a series of it works. Now they have to be optimised. Now you have got to get your back to the early, you have got to get all of the web content, all of the pages for every single one of those satellites.

I think Paul has talked about, we got to this point of synergy, investment, inflation, additional investment. It is difficult enough running the business to try and talk with one language on that. That is why we said, hey, it is all baked in. We will get to net operating margins above 20% in 2027, taking into account the additional cost of the satellite branches, the additional growth we expect to get out of the satellites, the synergies that we will get from merging, the loss synergies we will get from not merging. That is all being taken into account.

It is one of the reasons that the whole reporting on synergies separately from other lines in the P&L is confusing. That is my attempt to ask your first and second question.

I am not going to give the split between the 100. It could well be over 100, and it will be a mix of satellites. We will report in later periods how is that going. It looks like it should go well.

The third question, Paul?

Paul Edgecliffe-Johnson: If I understand the question, I think it is around what is going on in core pest versus what is going on in the distribution and other businesses that we have got, which we saw a stronger performance in the distribution and some of our other businesses in the back period of the year. We do provide a few different metrics around North America with pest control and pest control services. We have put all of those in the RNS. Going forwards, I think I just want to understand what is most useful for people because we do provide an awful lot of data. We are trying to back off that a little bit.

We go into international rather than everything. We will try and make sure we are directing the information that you receive so it is always consistent, and then you can build that into your models as effectively as possible. But did that address the question?

Chris Bambery: Will actually put this kind of 1.5% or how much is some pricing as opposed to volume?

Paul Edgecliffe-Johnson: Sorry. We had a strong pricing performance, and we lost volume. Pricing continues to be, as we have talked about before, inflation plus, and we have lost volume, which I think we saw the prior year as well.

Sylvia Barker (JP Morgan): Morning, two questions for me, please. First on working capital. Could we just talk about our North American outflow a bit more. How much of the outflow was North American creditors, and why did you have that issue? What do you expect for 2025?

Then secondly, I appreciate you don't want to give more guidance of 2025. But just if we think about the cost base in absolute in North America overall, obviously, very different halves and lots of moving parts up and down. If I extrapolate the cost base from 2024 to 2025, do we just take the second half and put an inflation number on it? Or can you talk a little bit about the moving parts? In the past you have discussed savings from reducing the sales force, further investments in growth, etc., etc.. Are there any bigger items that will be interesting as well?

Paul Edgecliffe-Johnson: Yes. Thank you for those. In terms of working capital, as I said, a bit of a disappointing second half compared to what we had anticipated at half one. Across the year, we saw £105 million working capital outflow and that compared to a £47 million outflow in 2023.

For 2025, we are guiding to \$75 million to \$85 million. At the half, we had anticipated that we would do a bit better at creditors, which we did during the second half. But what we have not built in is that we had a deterioration in creditors. A bit better in debtors, but deterioration of creditors. We need to focus on that this year.

A lot of distractions in the second half of last year, new management team in finance in North America. We have got a great new CFO there now. As I said, I am not happy with the performance, but more that we need to do.

In terms of the 2024 to 2025 mapping of the cost base in North America, what I have said there is we will see inflation, but significant costs went into the cost base in North America to fund a lot of new initiatives, and we will reprioritise those to fund the new initiatives behind brands and branches that Andy has just been talking about. We are not going to require new additional investments there. That is our expectation at the moment. We can use what we have got more effectively. We will repurpose it and drive a better level of return from that investment.

But I am not going to split it out half one, half two. We will try to get into anything like that.

James Beard (Deutsche Bank): Two questions, please. You mentioned that some of the investments you made in 2024, you are effectively repurposing in 2025. Can you describe in a bit more detail which investments you made in 2024 didn't work?

Then second question. Within the 1.4% organic in pest services in North America in FY 2024, can you give a directional split between residential and commercial? I guess a follow-on question. Your large competitor in the US recently has been talking about investing in sales and marketing quite significantly within their commercial business. How do you plan to respond to that? What impact have you seen, if any of that from that so far?

Andy Ransom: I will take the second one. Do you want to take the first?

Paul Edgecliffe-Johnson: Yes. In terms of the repurposing and what did not work, I think there is a combination of factors in this, which I have talked a little bit about the fact that we are building a more powerful engine here and everything that we are doing around the integration is creating that. We are not getting the fuel to come into the engine though to deliver the growth.

A lot of progress on the integration, not enough leads coming through. If you think about running a business as you are coming into high season, we have built up our capacity in terms of service people, in terms of consumables, in terms of having people ready to do the business and then the leads didn't turn up. So you have some surplus capacity there.

We also deployed additional investments behind marketing that we thought would drive a higher level of leads, various initiatives, whether that is additionally buying keywords, various other sales and marketing ways of going to market, which just did not deliver what we needed.

2025, we will stop doing that. With our new strategy around more branches and more brands, we have got a different way to go to market, which we are confident we will deliver a high level of performance.

Andy Ransom: James, on the split. I mean, maybe one day, he says wistfully, we might get to report on commercial residential termite. We don't. We never have. It isn't the way our business is set up. It is a difficult thing to compare like-for-like. It is always difficult as well. In certain competitors, termite definition includes home services such as loft insulation. So comparing like-for-like is difficult.

What I will say is the batting order of performance across our business and organic growth has not really changed. Our best performing part of that is national account. That is where you tend to see us and two or three other big players, and that is where you might see real competitive rivalry and intensity. That is where we are doing best. I don't really see much change to that and answer your question.

Commercial is our next best. Residential is our next best, and termite is our weakest. We have got a real focus this year on to termite improving our termite story. That is our batting order. It has been that way for a little while.

I have been in the business a long time, and Rentokil has been in the business for 100 years. There is always competitors and there always will be. It is a local business. It is a local market business. That is why the relevance of branches and physical location and where your pins are is quite important. Whether it is one big competitor saying they are going to focus more on one sector or one segment. We have still got 19,000 competitors spread across hundreds and hundreds of cities. If it was not them, it would be someone else. There is always intensive competition market, always has been. I suspect always will be. I don't think we are seeing any new change in the competitive environment in North America.

Oliver Davies (Redburn): Just a couple from me. Just on the customer retention number in Q4, the 81% that you reported, obviously a percentage point above the full year. Just wanted to understand if there is any seasonality in that number, maybe how it compares to Q4 last year and how that has progressed into the first quarter?

Then, secondly, just going back to pricing. Is it fair to assume that the same levels of price increases are sticking now as they were through last year?

Andy Ransom: Yes. That is super detailed question. I am trying to think of the answer. I don't think there is massive seasonality. I remember December of last year was very good. But I think this compares quite nicely with where we were last year. I don't think we get a seasonal benefit.

I think what we are seeing is, I mean, we can see it. We have put an additional 40 people in the customer sales team. That is 40 additional people answering phones, making phone calls and dealing with people who otherwise would looking to cancel their contracts or not renew them. We are tracking that activity, how many calls, how many calls were positive? How many people were saved? What were the initiatives that saved them? What did you have to do to save them?

We can see that there is an impact, a positive impact that we are getting from that investment. It is difficult because it has got multiple factors in there. But it looks as though we saw a decent improvement in the fourth quarter coming out of that activity. I don't have the data for January and February. I would not typically report on that.

Sorry, Ollie, what was your second question?

Paul Edgecliffe-Johnson: Pricing.

Andy Ransom: Pricing. Do you want to take pricing?

Paul Edgecliffe-Johnson: Yes. Pricing, as you would expect is quite a sophisticated discipline, and it isn't just that everybody gets an X percent increase on their bill. In an environment where you have higher inflation, it is easier to achieve higher levels of pricing. When

inflation is moderating, which we are seeing in North America at the moment, that it isn't quite so easy to get that. But we push for high rates and then what we actually achieve, we have to work through as we come up to renewal dates. Probably a little lighter than in 2024, but we still target for inflation plus.

Allen Wells (Jefferies): Just two for me, please. Coming back on actually Annelies' question on the multi-brand strategy. I remember when you obviously acquired Terminix, the value of the brand was highlighted as something that was important in the value you were paying for that asset. Is there anything we need to read into the value of the Terminix brand and some of the challenges that you are having?

Then second question, obviously, we are two years in to the integration. There is a lot changing, I guess, again, now digital leads and conversions are still weak. Sales incentives is still to change. Brand and branch strategy is changing today. Maybe for you, Andy, like if you had to take a step back and you could go back two years, what would be the one or two things that you would do differently? What is the thing you think would have changed this story?

Andy Ransom: You may not want to do that one in the pub, Alan. Seriously. Look, I mean I put a chart in the presentation there on the Terminix brand. The Terminix brand is a power brand. It is a fantastic brand. They have 98% aided unaided recognition is awesome. That is a very strong brand. We are not leveraging that brand as we should be. With that level of recognition, that should be feeding leads and it should be feeding into the searches that people are looking for.

I look at this and say, look, it partly answers the second question. This is an amazing industry, pest control - and you all cover lots of industries - there are not many industries like pest control, it is incredibly good industry. It is a subscription business, it is a business you can get price increases. It has got secular growth in it that looks like it is going to be there for a long time. North America continues to grow.

You something mentioned our competitive performance. I look at that, and I am encouraged by that. I look at it and say, that is where we are going to get to. That is where we should be. We have got an incredibly powerful brand. We are hacking our way through the jungle here of integration. We can see the other side, we can see where we can get to.

I look at that and say the excitement that we saw in this combination to take us the number one in the market and an incredibly exciting pest control market with a very powerful brand. The worries I had at the time were about colleague retention, customer retention and we have done a lot of work on those. And we have also had to do some pretty extensive work on IT systems. We are taking an end of life green screen solution to modern technology.

I look at it and say, yes, what is my one regret? My one regret is we have not delivered the levels of growth that we should have done, could have done, expected to. I am not honestly sure what one thing or two things we would have done differently.

On the brand piece, look, we had a strong view that because of everything I said about the Terminix brand, that was the way to go to take that power brand and to build from there. I think two years of execution have shown. We always knew Ehrlich was a great brand. That is our heartland brand that goes back nearly 100 years. Western is a strong brand in California, Arizona, Nevada and Utah. Florida Pest Control, who would have thought, is strong in Florida. We look at that and say, okay, you have got to be smart about these things. That strategy perhaps was not the right one. Therefore, we have to pivot and say, okay, we were going down that way. We are now going down that way.

Sometimes in management, it is difficult to say, well, you have got things wrong. I suspect we got that one wrong. I think it is the right strategy now. So, no regrets at all on the deal. No regrets on the Terminix brand. I think it is a real power brand. Yes, I think pivoting to retaining those regional brands is the right thing to do, and you will see others have done that, of course. More branches, yes, okay, that looks like a better play. We have had this discussion, I think. If you thought there was something wrong with the market, if you thought there was something broken with the Terminix brand, if you thought competition had some incredible advantage in technology or something, that would be worrying, but none of that is the case.

There is an incredible market. We are offering similar services in similar markets, at similar prices with a similar solution. The opportunity is there. We have just got to grab it. We have just got to execute it. But we also have to get through.

Seven quarters, as I put it internally, seven quarters to get this thing finished now, and we will be through this. So, seven quarters is not such a long time. I know it is a long answer, but maybe we will do the fuller version in the pub, but there we are. I think we had a couple more in the room. I am not sure - there we are.

James Rose (Barclays): I have got two left, you will pleased to hear. For 2025, we are talking about repurposing the existing investments you have made in 2024. Can you talk about the decision why not to invest a bit more? Why the current level is sufficient for your plan?

Then secondly, could we just talk about the thought process behind sales responsibility for field sales going into the branches?

Andy Ransom: I will take the second.

Paul Edgecliffe-Johnson: Sure. There is an adage. I think was David Ogilvy, who said that back in the day, 50% of your marketing spend was wasted. You just didn't know which half. Now with performance marketing, with much more digital marketing and spend, etc., it is much easier to see what is delivering for you. We do have a clear line of sight to, as we spend what is delivering leads, etc. We tried new initiatives. I spoke about how we geared up for a season that did not arrive at the level that we thought it would.

As I look at what we want to do in 2025 and the fact that as we are pivoting, it does take time to get a good return on investment. You cannot just throw money at things and think of that all to solve problems. It does not. We think that we have got the right balance now.

We have got enough that went into the business in 2024. Reprioritising that will give us the results that we want.

Andy Ransom: Yes. I think sales model is a little bit like religion: you're one thing or you are another and people have very strong views as to whether you should be functional sales or operational sales in a branch-based business. So there is strong views.

Do you drive sales through a strongly functional organisation, or do you drive it locally? You put national account, that is always run as a functional sales organisation. You put the indoor sales team that is typically run as a functional organisation. But for the field-based salespeople, you have got a choice. You can either have them effectively reporting to the branch manager or you have them reporting into a sales manager and then that sales manager can either report to the branch manager or report up through the sales function.

Having said it is a bit like religion, we were sort of hybrid. We could not quite work out in the model like that, but we had examples of both. That is because you are coming from two different histories and two different backgrounds.

Alain Moffroid has gone into North America as our interim North America CEO. Alain's worked for me 15 years. Alain's run pest control businesses in Australia, all across Europe. One of the first things he has come out and said is we need to move to fully branch-based, sales guys need to report to the branch manager.

The reason for that, and as I say, you can make both models work and many companies will be that or that. It isn't right or wrong. It is just how you do it. With this model, the branch manager has to be accountable for both sales and service. In the other model, the branch manager can say, where are my leads? Where are my sales? It is your fault, sales. You need to get your life together. With this model, the branch manager is accountable for sales and service. That is a conventional model that we know very, very well in our heartland business. I cannot tell you it is right or it is wrong. But that is the reason that Alain has gone in and said, first thing I want to do here is to go back to the sales into the branch managers, which is a model we know and love.

Andy Grobler (BNP Paribas Exane): Just two, please. Door-to-door sales. Last time we talked, you said it was difficult to make any money out of this, and you were not sure how that strategy would work. You are moving back to door-to-door sales, what has changed?

Then secondly, you have stuck with the target of growing at 1.5 times the market in the longer term. When the big competitors have been performing as expected, that has never happened. Given all that is passed over the past two or three years, is that really a realistic target from here?

Andy Ransom: Yes, door-to-door sales, thanks for raking that one, Andy. You are quite right. I am on the record on door-to-door sales that I have struggled with the model. But like I just said in the earlier answer, I think in management, you have to be prepared to revisit your decisions. Over \$1 billion of the US pest control market goes through the door-to-door channel. Maybe there is more to the door-to-door model than I saw.

My challenge with it was twofold. One, it feels to me, in an increasingly digital world that the channel that involves human beings knocking on doors seems to be a backward step. But \$1 billion of the industry is going through that channel.

The second objection I had was that your point about not making money. You do have to pay, but you are essentially outsourcing the sales element. You employ a third-party company to do the selling typically, and then you pay them a very high sales commission. But the industry that is built up off the back of that has worked out quite fairly, but by targeting the right customers with the right offer at the right price, at the right time, you can attract new customers and you can retain them, and that is the critical thing because customer retention in the door-to-door model is typically not as strong.

Rather than just me keep burying my head in the sand saying, I am not sure this model works for us. And you know some of our competitors have deployed this model. We have said, okay, rather than just say that, let us look at this properly. Let us have a proper structured pilot in the season. It isn't we are going into it, and it is a pilot and it will be monitored or monitor the living daylights out of it. We will see, does it work? Does it drive growth? Is it sustainable growth? Is it profitable growth?

If that all turns positive, and it will take all of 2025 for us to complete that, if that all turns positive, then that is an additional marketing channel that we can add to our suite. I am not saying it is or isn't. But rather than me just take a position on it, let us go see. Because there is \$1 billion going through that channel. Somebody is making it work.

Paul Edgecliffe-Johnson: In terms of the 1.5 times, if you look at what our top competitor would do in the market, that is the level they are performing at, and we make no apology for the fact that we think we are going to have power brands, we are going to have regional brands, we are going to have a lot of money to spend behind sales and marketing and then a very efficient branch model, which will allow us to be very competitive. We really don't see why we would not be able to. Once we are through integration and still a few things to learn, but it has set a benchmark. So the expectation is we will be able to deliver that 1.5 times level.

Nicole Manion (UBS): Just one question, please, on branches, which is a bit of a follow-up. I appreciate there is lots of different ways you can move from where you are today on branches to 500-plus number as opposed to, say, 400. You have already said that you would not give the split on satellite compared to more traditional branches, which I get. Can I ask, is it still part of your thinking at a more traditional branch that is kind of sub \$3 million in size is subscale, or is that no longer the thought process? Because it just feels like quite an important definition.

Andy Ransom: Yes, it is a good question. Yes, if you do the numbers on competitors, you can get to very similar numbers to ours to be fair. We still believe that if the branch size is less than a couple of million dollars, that isn't an optimum size for a branch. It needs to be bigger than that in our view. But we are not religious about it. We are not saying we cannot have branches of that scale, and we do have branches of that scale. But the notion being

that \$4 million, \$5 million, \$6 million branches is a better branch size from a span of control and therefore, operationally is still intact. That has not changed.

Nicole Manion: Okay. Maybe just a quick follow-up.

Andy Ransom: Yes, sure.

Nicole Manion: I am not sure if it is actually stated somewhere. But how many branches do you now have in North America? Is that number.

Andy Ransom: That is one I am going to duck because I could give you multiple different answers because you have got physical locations. You have got co-locations. You have got satellite branches, and it is in a state of flux as well. I mean, one of the things we are restarting the full integrations planned for the early in the second half.

One of the things that we need to do is to make sure that we have got the absolute complete answer to that question for each of our markets. We had a plan, right? We were going to deploy in this way with this number of branches in these cities and these town. That plan is pivoting, and we need to remap that plan. I am not ducking it for the sake of ducking. It is a very difficult answer to give you, and it would not answer the heart of your question. But once we get to the right, okay, we are ready to go, we are ready to press the green button and on we go. Then I can give you an answer and say, well, this is the end state.

Although I did, in answering the earlier question, I would not rule out adding additional small branches, satellite branches, hub and spoke, if you like. I would not rule out adding more, assuming that they go well, and we can add more, and we think that would be an interesting extension of the sales and marketing budget, if you like. But at the moment, that is the plan 500 plus.

Paul Edgecliffe-Johnson: We don't have any questions that have come through the online system. It may be that it isn't working. If anybody has been asking questions through the online system, it could be user error. That is also always possible. But if anybody has been, and we have not addressed them, then apologies, and we can certainly follow up afterwards. Please do be in touch.

Andy Ransom: Thank you very much, everyone.

Paul Edgecliffe-Johnson: Thank you, guys.

[END OF TRANSCRIPT]